



Billing Code: 6560-50-P

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

**[EPA-R08-OAR-2010-0298, FRL-9818-7]**

**Disapproval of State Implementation Plan; Infrastructure Requirements for the 1997 8-Hour Ozone National Ambient Air Quality Standard; Montana**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing to disapprove a specific portion of the State Implementation Plan (SIP) certifications submitted by the State of Montana to demonstrate that the SIP meets the infrastructure requirements of the Clean Air Act (CAA) for the National Ambient Air Quality Standards (NAAQS) promulgated for ozone on July 18, 1997. The CAA requires that each state, after a new or revised NAAQS is promulgated, review its SIP to ensure that it meets certain infrastructure requirements detailed in the CAA. The State of Montana submitted two certifications, dated November 28, 2007 and December 22, 2009, that its SIP met these requirements for the 1997 ozone NAAQS. EPA is proposing to disapprove a portion of the submitted revisions because the SIP does not meet the requirements in the CAA for state boards that approve permits or enforcement orders.

**DATES:** Written comments must be received on or before **[Insert date 30 days after publication in the Federal Register]**.

**ADDRESSES:** Submit your comments, identified by Docket ID No. EPA-R08-OAR-2010-0298, by one of the following methods:

- <http://www.regulations.gov>. Follow the on-line instructions for submitting comments.

- E-mail: [ayala.kathy@epa.gov](mailto:ayala.kathy@epa.gov)
- Fax: (303) 312-6064 (please alert the individual listed in the **FOR FURTHER INFORMATION CONTACT** if you are faxing comments).
- Mail: Director, Air Program, Environmental Protection Agency (EPA), Region 8, Mail Code 8P-AR, 1595 Wynkoop Street, Denver, Colorado 80202-1129.
- Hand Delivery: Director, Air Program, Environmental Protection Agency (EPA), Region 8, Mail Code 8P-AR, 1595 Wynkoop Street, Denver, Colorado 80202-1129. Such deliveries are only accepted Monday through Friday, 8:00 a.m. to 4:30 p.m., excluding federal holidays. Special arrangements should be made for deliveries of boxed information.

Instructions: Direct your comments to Docket ID No. EPA-R08-OAR-2010-0298.

EPA's policy is that all comments received will be included in the public docket without change and may be made available online at [www.regulations.gov](http://www.regulations.gov), including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit information that you consider to be CBI or otherwise protected through [www.regulations.gov](http://www.regulations.gov) or e-mail. The [www.regulations.gov](http://www.regulations.gov) web site is an "anonymous access" system, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA, without going through [www.regulations.gov](http://www.regulations.gov) your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA

cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses. For additional information about EPA's public docket visit the EPA Docket Center homepage at <http://www.epa.gov/epahome/dockets.htm>. For additional instructions on submitting comments, go to section I, General Information, of the **SUPPLEMENTARY INFORMATION** section of this document.

**Docket:** All documents in the docket are listed in the [www.regulations.gov](http://www.regulations.gov) index. Although listed in the index, some information is not publicly available, e.g., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, will be publicly available only in hard copy. Publicly available docket materials are available either electronically in [www.regulations.gov](http://www.regulations.gov) or in hard copy at the Air Program, Environmental Protection Agency (EPA), Region 8, 1595 Wynkoop Street, Denver, Colorado 80202-1129. EPA requests that if at all possible, you contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section to view the hard copy of the docket. You may view the hard copy of the docket Monday through Friday, 8:00 a.m. to 4:00 p.m., excluding federal holidays.

**FOR FURTHER INFORMATION CONTACT:** Kathy Ayala, Air Program, U.S.

Environmental Protection Agency (EPA), Region 8, Mail Code 8P-AR, 1595 Wynkoop Street, Denver, Colorado 80202-1129, (303) 312-6142, [ayala.kathy@epa.gov](mailto:ayala.kathy@epa.gov).

## **SUPPLEMENTARY INFORMATION:**

### **Definitions**

For the purpose of this document, we are giving meaning to certain words or initials as follows:

- (i) The words or initials Act or CAA mean or refer to the Clean Air Act, unless the context indicates otherwise.
- (ii) The words EPA, we, us or our mean or refer to the United States Environmental Protection Agency.
- (iii) The initials NAAQS mean or refer to National Ambient Air Quality Standards.
- (iv) The initials SIP mean or refer to State Implementation Plan.
- (v) The words State or Montana mean the State of Montana, unless the context indicates otherwise.

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### **I. Background**

On July 18, 1997, EPA promulgated a new NAAQS for ozone based on 8-hour average concentrations. The 8-hour averaging period replaced the previous 1-hour averaging period, and the level of the NAAQS was changed from 0.12 parts per million (ppm) to 0.08 ppm (62 FR 38856).

By statute, SIPs meeting the requirements of sections 110(a)(1) and (2) are to be submitted by states within three years after promulgation of a new or revised standard. Section 110(a)(2) provides basic requirements for SIPs, including emissions inventories, monitoring, and

modeling, to assure attainment and maintenance of the standards. These requirements are set out in several “infrastructure elements,” listed in section 110(a)(2).

The State of Montana submitted two certifications of their infrastructure SIP for the 1997 ozone NAAQS, one dated November 28, 2007, which was determined to be complete on March 27, 2008 (73 FR 16205), and another dated December 22, 2009. On May 19, 2011 (76 FR 28934), EPA published a notice of proposed rulemaking (NPR) for the certifications. Among other things, the NPR proposed approval of the state's submission for purposes of meeting the CAA infrastructure requirements under section 110(a)(2)(E), Adequate resources and authority, for the 1997 ozone NAAQS. During the comment period provided for the proposed rule, EPA received an adverse comment on EPA’s proposed approval with respect to section 110(a)(2)(E)(ii). The commenter stated that the Montana SIP did not contain adequate provisions to satisfy the requirements of CAA section 128 and was therefore inconsistent with section 110(a)(2)(E)(ii).

On July 22, 2011 (76 FR 43918), EPA published a final rule completing our action on all infrastructure elements except 110(a)(2)(E)(ii). EPA took no action on section 110(a)(2)(E)(ii) and committed to do so at a later date. In this notice, we are proposing a new action on Montana’s certifications for the 1997 ozone NAAQS with respect to section 110(a)(2)(E)(ii).

## **II. Montana’s Submittal and EPA Analysis**

Section 110(a)(2)(E)(ii) of the CAA requires that "the State comply with the requirements respecting State boards under section 128."

Montana’s response to this requirement: The Montana Board of Environmental Review (BER) oversees the Montana DEQ, including actions taken by the State air program. The

composition and requirements of the BER are detailed in 2–15–3502, Montana Code Annotated (MCA); 2–15–121, MCA; and 2–15–124, MCA. Laws related to conflict of interest in Montana state government are found in 2–2–201, MCA; and 2–2–202, MCA.

EPA analysis: Section 110(a)(2)(E)(ii) of the CAA requires that the State comply with section 128 of the CAA. Section 128 was added in the 1977 amendments to the CAA as the result of a conference agreement. Titled “State boards,” it provides in relevant part:

(a) Not later than the date one year after August 7, 1977, each applicable implementation plan shall contain requirements that—

(1) Any board or body which approves permits or enforcement orders under [this Act] shall have at least a majority of members who represent the public interest and do not derive any significant portion of their income from persons subject to permits or enforcement orders under [this Act], and,

(2) Any potential conflicts of interest by members of such board or body or the head of an executive agency with similar powers be adequately disclosed.

In 1978, EPA issued a guidance memorandum recommending ways states could meet the requirements of section 128, including suggested interpretations of certain key terms in section 128.<sup>1</sup> In this notice, we additionally discuss various relevant aspects of section 128. We first note that, in the conference report on the 1977 amendments to the CAA, the conference committee stated, “It is the responsibility of each state to determine the specific requirements to meet the general requirements of [section 128].”<sup>2</sup> We find that this legislative history indicates

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<sup>1</sup> Memorandum from David O. Bickart, Deputy General Counsel, to Regional Air Directors, Guidance to States for Meeting Conflict of Interest Requirements of Section 128 (Mar. 2, 1978).

<sup>2</sup> H.R. Rep. 95–564 (1977), reprinted in 3 Legislative History of the Clean Air Act Amendments of 1977, 526–27 (1978).

that Congress intended states to have some latitude in the specifics of implementing section 128, so long as the implementation is consistent with the plain text of the section. We also note that Congress explicitly provided in section 128 that states could elect to adopt more stringent requirements, as long as the minimum requirements of section 128 are met. As a result, we note three considerations for implementing section 128.

First, section 128 must be implemented through provisions that EPA approves into the SIP and are made federally enforceable. Section 128 explicitly mandates that each SIP “shall contain requirements” that satisfy subsections 128(a)(1) and 128(a)(2). A mere narrative description of state statutes or rules, or of a state’s current or past practice in constituting a board or body and in disclosing potential conflicts of interest, is not a requirement contained in the SIP and does not satisfy the plain text of section 128.

Second, subsection 128(a)(1) applies only to states that have a board or body that is composed of multiple individuals and that, among its duties, approves permits or enforcement orders under the CAA. It does not apply in states that have no such multi-member board or body that performs these functions, and where instead a single head of an agency or other similar official approves permits or enforcement orders under the CAA. This flows from the text of section 128, for two reasons. First, as subsection 128(a)(1) refers to a majority of members in the plural, we think it reasonable to read subsection 128(a)(1) as not creating any requirements for an individual with sole authority for approving permits or enforcement orders under the CAA. Second, subsection 128(a)(2) explicitly applies to the head of an executive agency with “similar powers” to a board or body that approves permits or enforcement orders under the CAA, while subsection 128(a)(1) omits any reference to heads of executive agencies. We infer that

subsection 128(a)(1) should not apply to heads of executive agencies who approve permits or enforcement orders.

Third, subsection 128(a)(2) applies to all states, regardless of whether the state has a multi-member board or body that approves permits or enforcement orders under the CAA. Although the title of section 128 is “State boards,” the language of subsection 128(a)(2) explicitly applies where the head of an executive agency, rather than a board or body, approves permits or enforcement orders. In instances where the head of an executive agency delegates his or her power to approve permits or enforcement orders, or where statutory authority to approve permits or enforcement orders is nominally vested in another state official, the requirement to adequately disclose potential conflicts of interest still applies. In other words, EPA thinks that SIPs for all states, regardless of whether a state board or body approves permits or enforcement orders under the CAA, must contain adequate provisions for disclosure of potential conflicts of interest in order to meet the requirements of subsection 128(a)(2).

The Montana SIP does not contain provisions that meet the requirements of CAA section 128. As discussed above, section 128 must be implemented through SIP-approved, federally enforceable provisions. In particular, subsection 128(a)(2) applies in all states; in other words, all SIPs must contain provisions for the adequate disclosure of potential conflicts of interest. The Montana SIP does not currently contain any such provisions and is deficient with respect to the requirements of subsection 128(a)(2).

Furthermore, as cited by Montana in its certification, section 2-15-3502 of the MCA creates a Board of Environmental Review (“Board”). The Board consists of seven members appointed by the Governor and meeting certain statutory criteria. Under section 75-2-211(10) of the MCA, a



person who is directly and adversely affected by the Montana Department of Environmental Quality's (MDEQ's) approval or denial of a permit to construct an air pollution source may (with certain exceptions) request a hearing before the Board. Similarly, under section 75-2-218(5) of the MCA, a person who participated in the comment period on MDEQ's issuance, renewal, amendment or modification of a title V operating permit may request a hearing before the Board. Finally, under section 75-2-401(1), a person who receives an enforcement order from MDEQ under Chapter 2 of Title 75, Air Quality, may request a hearing before the Board.

Based on these State statutory provisions and our discussion above of the text of section 128(a)(1), we propose to conclude that the Board falls within the terms of subsection 128(a)(1); in other words, the Board is a multi-member body that has authority to approve permits and enforcement orders under the Act. The term "permits under the Act" includes Prevention of Significant Deterioration, nonattainment New Source Review, and minor New Source Review permits. These are all permits required to construct a new or modified stationary source, and, under MCA section 75-2-211(1), are potentially subject to a hearing before the Board. Permits under the Act also include title V operating permits, which, under MCA section 75-2-218(5), are potentially subject to a hearing before the Board. Similarly, enforcement orders under the Act are, under MCA section 75-2-401(1), potentially subject to a hearing before the Board. In short, the Board has authority to hear appeals of permits and enforcement orders under the Act.

The Board's authority to hear appeals is "authority to approve" within the meaning of section 128, for two reasons. First, the Board's authority falls within the plain meaning of the word "approve." To approve means, among other things, "to give formal sanction to." This is precisely what, for example, an order from the Board upholding a permit does: it formally

sanctions the permit. Second, the contrary interpretation, that “authority to approve” does not include the Board’s authority to hear appeals, would be inconsistent with the structure and purpose of section 128. It would limit the applicability of subsection 128(a)(1) to multi-member boards that issue permits in the first instance. As the purpose of section 128 is to promote disinterested decision-making on permits and enforcement orders, it is paramount that section 128 should apply to the entity with authority to make the final decision, and not merely to the initial decision maker. In addition, due to the language “with similar powers” in subsection 128(a)(2), the contrary interpretation would lead to the illogical result that a state director who issues permits and enforcement orders that are subject to administrative appeal would fall under the disclosure requirement, but a director that was the final decision maker on permits and enforcement orders would not.

As the Board has authority to approve permits and enforcement orders under the Act, it is subject to subsection 128(a)(1). However, the Montana SIP does not currently contain any provisions to meet the requirements of subsection 128(a)(1) and therefore does not meet these requirements. As discussed above, the SIP also does not contain any provisions to meet the requirements of subsection 128(a)(2). As a result, we propose to disapprove the Montana infrastructure SIP for the 1997 ozone NAAQS with respect to the requirements of section 110(a)(2)(E)(ii). We do not consider it necessary to identify any particular instances in which the Board’s actual composition in practice has failed to meet the compositional requirements of subsection 128(a)(1) or in which Board members in practice have failed to meet the disclosure requirements of subsection 128(a)(2). The proposed disapproval is based upon the Montana SIP itself, which simply fails to contain any provisions meeting the explicit legal requirements of

these subsections.

### **III. Proposed Action**

We propose to disapprove the Montana infrastructure SIP for the 1997 ozone NAAQS for element 110(a)(2)(E)(ii). The Montana SIP does not contain provisions to meet the requirements of CAA section 128.

### **IV. Statutory and Executive Order Reviews**

Under the Clean Air Act, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve or disapprove state choices, depending on whether they meet the criteria of the Clean Air Act. With this proposed action EPA is merely disapproving a state law as not meeting Federal requirements, and is not imposing additional requirements beyond those imposed by state law.

#### **A. Executive Order 12866: Regulatory Planning and Review**

Because the proposed disapproval does not raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the EO, this proposed action is not a "significant regulatory action" under the terms of Executive Order 12866 (58 FR 51735, October 4, 1993) and is therefore not subject to review under Executive Orders 12866 and 13563 (76 FR 3821, January 21, 2011).

#### **B. Paperwork Reduction Act**

This proposed action does not impose an information collection burden under the provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 et seq. Burden is defined at 5 CFR 1320.3(b).

### C. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act or any other statute unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small organizations, and small governmental jurisdictions.

For purposes of assessing the impacts of today's proposed rule on small entities, small entity is defined as: (1) A small business as defined by the Small Business Administration's (SBA) regulations at 13 CFR 121.201; (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.

After considering the economic impacts of today's proposed rule on small entities, I certify that this action will not have a significant economic impact on a substantial number of small entities. In determining whether a rule has a significant economic impact on a substantial number of small entities, the impact of concern is any significant adverse economic impact on small entities, since the primary purpose of the regulatory flexibility analyses is to identify and address regulatory alternatives “which minimize any significant economic impact of the rule on small entities.” 5 USC 603 and 604. Thus, an agency may certify that a rule will not have a significant economic impact on a substantial number of small entities if the rule relieves regulatory burden, or otherwise has a positive economic effect on all of the small entities subject

to the rule.

EPA's proposal consists of a proposed disapproval of a specific portion of the Montana infrastructure certification. The proposed disapproval of the SIP, if finalized, merely disapproves the state law as not meeting federal requirements and does not impose any additional requirements.

#### D. Unfunded Mandates Reform Act (UMRA)

This action does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4);

Under Title II of UMRA, EPA has determined that this proposed rule does not contain a federal mandate that may result in expenditures that exceed the inflation-adjusted UMRA threshold of \$100 million by State, local, or Tribal governments or the private sector in any one year. In addition, this proposed rule does not contain a significant federal intergovernmental mandate as described by section 203 of UMRA nor does it contain any regulatory requirements that might significantly or uniquely affect small governments.

#### E. Executive Order 13132: Federalism

Federalism (64 FR 43255, August 10, 1999) revokes and replaces Executive Orders 12612 (Federalism) and 12875 (Enhancing the Intergovernmental Partnership). Executive Order 13132 requires EPA to develop an accountable process to ensure “meaningful and timely input by State and local officials in the development of regulatory policies that have federalism implications.” “Policies that have federalism implications” is defined in the Executive Order to include regulations that have “substantial direct effects on the States, on the relationship between

the national government and the States, or on the distribution of power and responsibilities among the various levels of government.” Under Executive Order 13132, EPA may not issue a regulation that has federalism implications, that imposes substantial direct compliance costs, and that is not required by statute, unless the federal government provides the funds necessary to pay the direct compliance costs incurred by State and local governments, or EPA consults with State and local officials early in the process of developing the proposed regulation. EPA also may not issue a regulation that has federalism implications and that preempts State law unless the Agency consults with State and local officials early in the process of developing the proposed regulation.

This rule will not have substantial direct effects on the State, on the relationship between the national government and the State, or on the distribution of power and responsibilities among the various levels of government, as specified in Executive Order 13132, because it merely addresses the State not fully meeting its obligation under section 128 of the CAA. Thus, Executive Order 13132 does not apply to this action. In the spirit of Executive Order 13132, and consistent with EPA policy to promote communications between EPA and State and local governments, EPA specifically solicits comment on this proposed rule from State and local officials.

#### F. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments

Executive Order 13175, entitled Consultation and Coordination with Indian Tribal Governments (65 FR 67249, November 9, 2000), requires EPA to develop an accountable process to ensure “meaningful and timely input by tribal officials in the development of regulatory policies that have tribal implications.” This proposed rule does not have tribal implications, as specified in Executive Order 13175. It will not have substantial direct effects on

tribal governments. Thus, Executive Order 13175 does not apply to this rule.

G. Executive Order 13045: Protection of Children from Environmental Health Risks and Safety Risks

Executive Order 13045: Protection of Children from Environmental Health Risks and Safety Risks (62 FR 19885, April 23, 1997), applies to any rule that: (1) is determined to be economically significant as defined under Executive Order 12866; and (2) concerns an environmental health or safety risk that we have reason to believe may have a disproportionate effect on children. EPA interprets EO 13045 as applying only to those regulatory actions that concern health or safety risks, such that the analysis required under section 5–501 of the EO has the potential to influence the regulation. This action is not subject to EO 13045 because it implements specific standards established by Congress in statutes.

H. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This action is not subject to Executive Order 13211 (66 FR 28355 (May 22, 2001)), because it is not a significant regulatory action under Executive Order 12866.

I. National Technology Transfer and Advancement Act

Section 12 of the National Technology Transfer and Advancement Act (NTTAA) of 1995 requires federal agencies to evaluate existing technical standards when developing a new regulation. To comply with NTTAA, EPA must consider and use “voluntary consensus standards” (VCS) if available and applicable when developing programs and policies unless doing so would be inconsistent with applicable law or otherwise impractical.

The EPA believes that VCS are inapplicable to this action. Today's action does not

require the public to perform activities conducive to the use of VCS.

J. Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations

Executive Order 12898 (59 FR 7629, February 16, 1994), establishes federal executive policy on environmental justice. Its main provision directs federal agencies, to the greatest extent practicable and permitted by law, to make environmental justice part of their mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of their programs, policies, and activities on minority populations and low-income populations in the United States.

We have determined that this proposed rule, if finalized, will not have disproportionately high and adverse human health or environmental effects on minority or low-income populations because it disapproves a specific portion of the Montana SIP which does not meet requirements of the CAA.

In addition, this proposed action does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP being disapproved would not apply in Indian country located in the state, and it would not impose substantial direct costs on tribal governments or preempt tribal law.



**List of Subjects in 40 CFR Part 52**

Environmental protection, Air pollution control, Carbon monoxide, Incorporation by reference, Intergovernmental relations, Lead, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides, Volatile organic compounds.

Dated: May 16, 2013.

Howard M. Cantor,  
Acting Regional Administrator,  
Region 8.

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